



# DryKor Holdings, Inc.

Presented by  
Bruce Buchholz  
President and CEO

# Going Beyond Air Conditioning

- Manufactures proprietary liquid desiccant dehumidifying and air conditioning equipment
  - Provides dry, cool air
  - Reduces energy costs
  - Reduces upfront costs
  - Reduces bacteria, mold and mildew growth
- Result: A cost effective A/C solution which provides a more comfortable and healthier environment



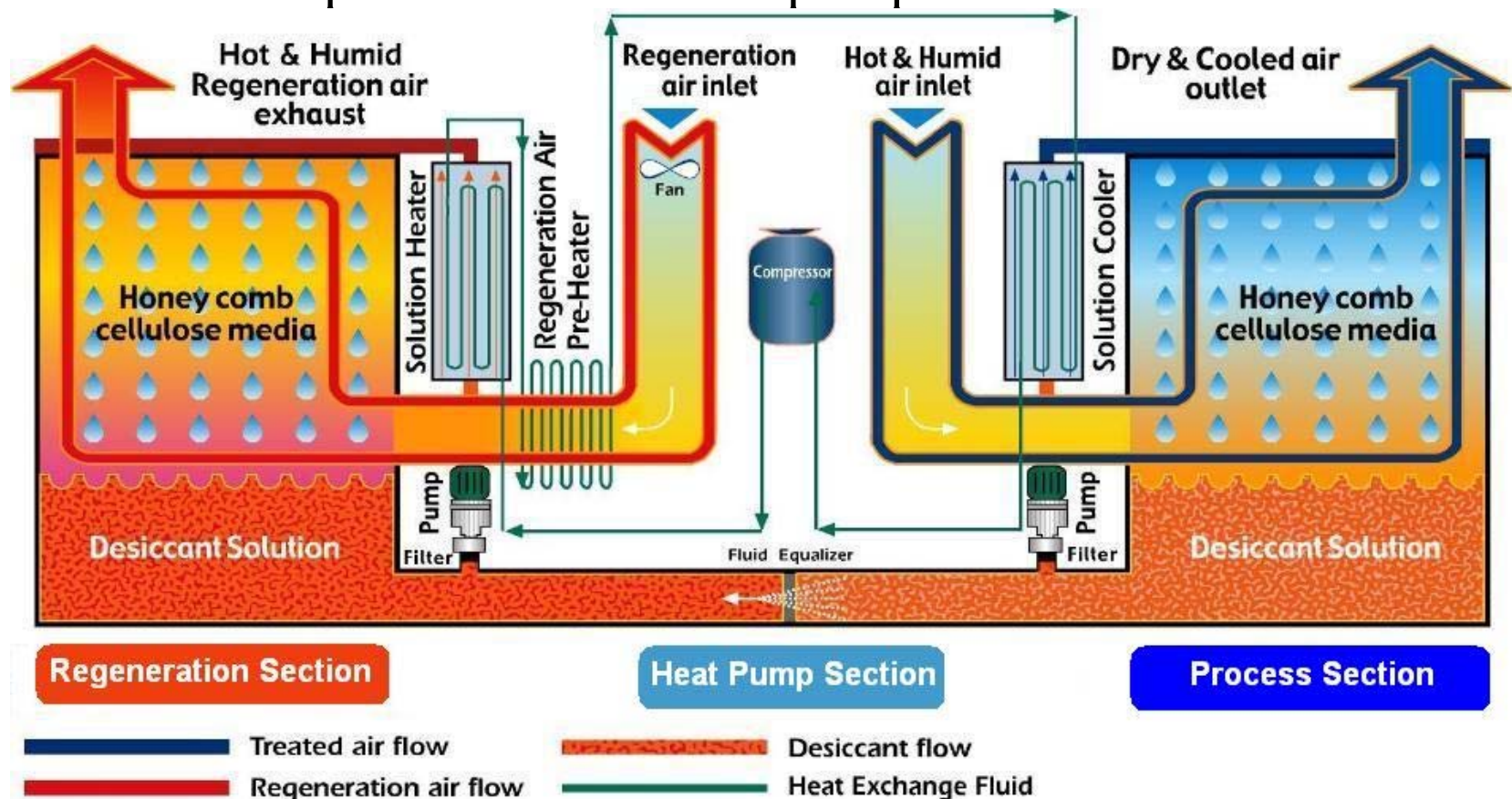
# Background and Needs

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- Established in 1997 with VC funding
  - Technology invented in Israel
  - DryKor was incorporated in the US with its HQ in Atlanta after the last round of financing
  - More than 1,000 units sold to over 200 customers
- Raising \$15 million
  - Increase sales and support infrastructure
  - Move production lines
  - Lower production costs
  - Pursue R&D and product development plans
- Exit through an IPO or a strategic acquisition

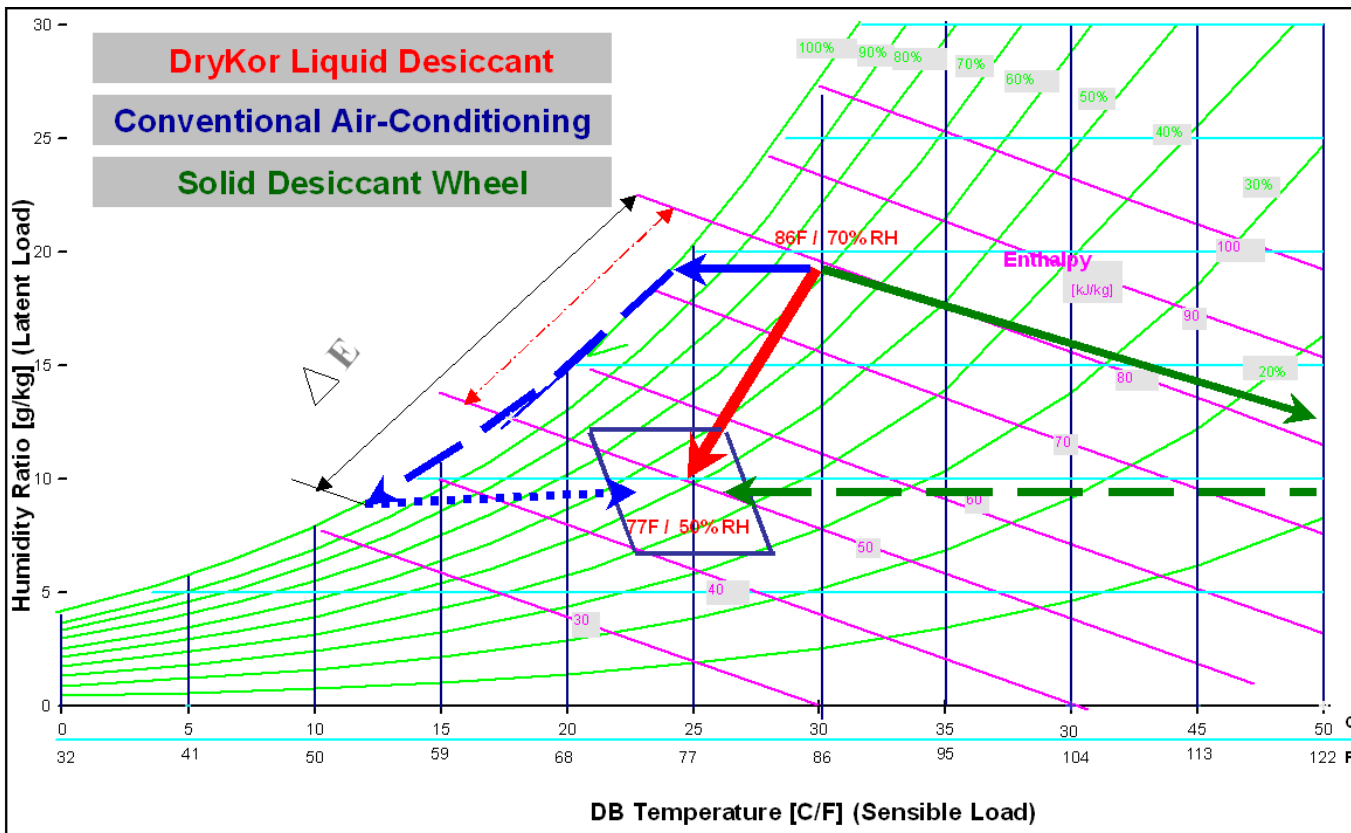
# Technology

- Revolutionary approach to liquid desiccant dehumidification with a compressor-driven heat pump



# Technology Value Proposition

- Highly efficient patented system capable of dealing with both sensible (temperature) and latent (humidity) components of a typical A/C load



- The most efficient path to handle the A/C load

# Customer Value Proposition

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- Upfront cost is lower due to lower capacity requirements

	A/C and DryKor	A/C Only	A/C and Desiccant Wheel System
Required A/C Capacity	10 ton	20 ton	18 ton
<b>Initial Capital Costs</b>	<b>\$11,000</b>	<b>\$11,600</b>	<b>\$18,740</b>
Annual Energy + Maintenance	\$3,253	\$4,759	\$5,088
Replacement Capital Costs	\$3,500 every 5 years	\$0	\$2,000 every 3 years
<b>Total cost over 8 years</b>	<b>\$37,374</b>	<b>\$49,672</b>	<b>\$63,444</b>
<b>NPV @ 10% over 8 years</b>	<b>\$28,536</b>	<b>\$36,989</b>	<b>\$48,516</b>

Assumes a supermarket application with 20% fresh air, 77 degrees F, 50% relative humidity, and ambient conditions of 95 degrees F and 70% relative humidity.

# Customer Value Proposition

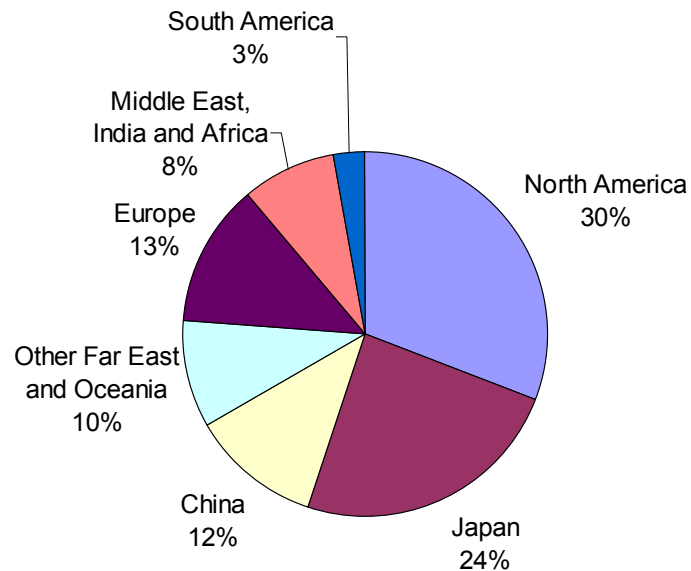
- Provides greater comfort
- Kills 94% of bacteria and captures 77% of particulate pollution greater than 5 microns
- Inhibits mold, mildew, and bacteria growth
- Reduces risk of Sick Building Syndrome
- Lessens condensation and moisture build up

# Markets

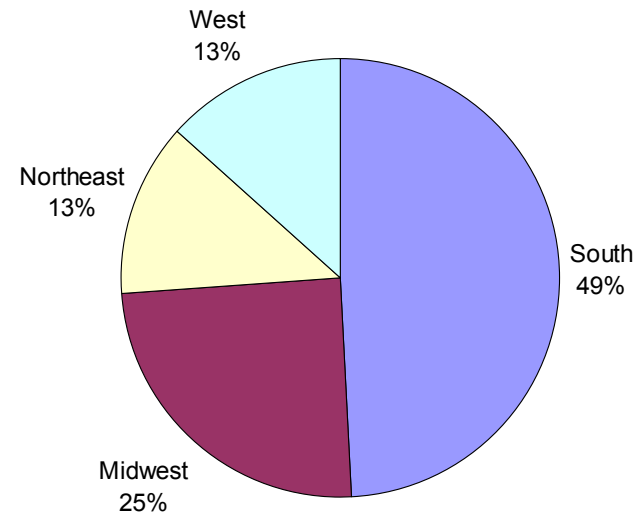
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- The worldwide A/C market: \$37 billion

**Worldwide Market by Geography - \$37 billion**

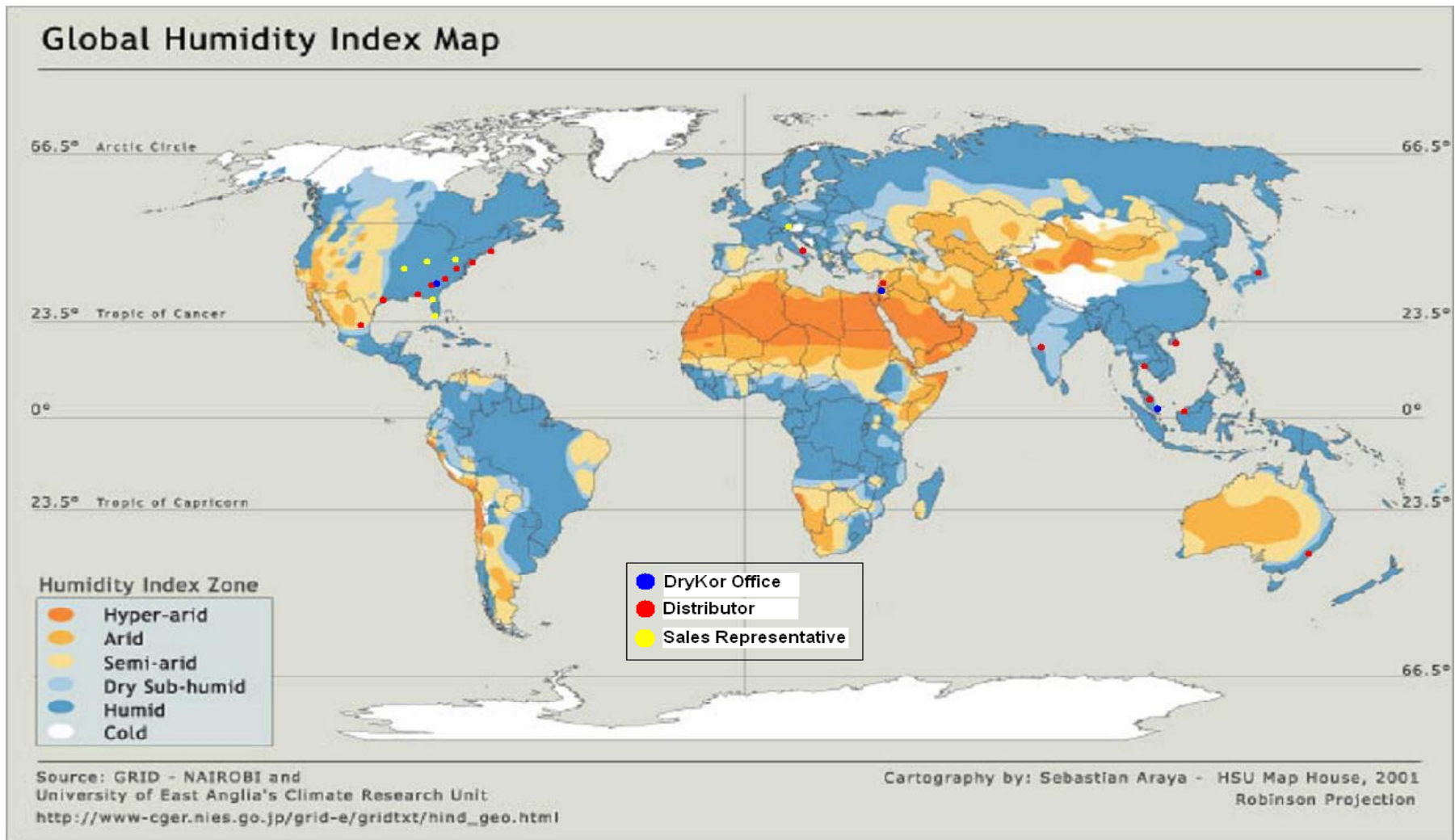


**US Market by Region - \$11.3 billion**





# Humidity and Distribution



# Products

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	Early Adopter Targets	Benefits	Initial Adressable Market
<b>UDT</b>	Schools, Hospitals, Supermarkets, Restaurants, and Hotels	Lowers upfront and operating costs, improves IAQ, increases comfort, controls sensitive environments, improves retail environment for foodstuffs, etc	\$1.5 billion (only early adopter targets)
<b>DryLine</b>	Small Commercial and Industrial, Libraries, and mold/mildew remediation	Lowers upfront and operating costs, improves IAQ, increases comfort, decreases mold and mildew, etc	\$1.4 billion (remediation equipment)
<b>Residential Comfort Conditioner (RCC)</b>	Residential and Motels	Improves comfort, lowers energy costs, improves indoor environment, etc	\$3.2 billion (residential market opportunity)



# Competition

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- DryKor is dramatically more cost effective than other available desiccant solutions (Munters, Kathabar, Niagara Blower, etc.)
- Primary competition is from large A/C manufacturers (York, Carrier, Trane, Fedders, Aeon, etc.)
- Biggest barrier to entry for DryKor is low customer awareness

# Management

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- Bruce Buchholz, President and CEO
  - 25 years at Carrier
  - Led turnaround of Carrier's room A/C business
- Burton Lamont, Consulting CFO
  - 22 years of executive level finance positions with IPO, acquisition, and turnaround experience
- Tamar Wolf, CFO Israel
  - MBA, 3 years at DryKor
- TBD, VP Product Development and Manufacturing
- Nir Ziv, Production Manager
  - MBA, 3 years at DryKor and former procurement responsibilities for the largest healthcare purchasing organization in Israel
- Tommy and Moty Forkosh, Founders and R&D
  - Inventors of DryKor's technology, 7 years at DryKor
- Fred Perfetto, VP North American Sales and Marketing
  - 22 years at Carrier, Branch Manager for a \$70 million division
- Hadas Levin, VP ROW Sales and Marketing
  - 4 years as VP of Sales and Marketing for DryKor
- Joe Burke, Director of National Accounts
  - Former VP of National Accounts at York
- Steve Heberle, Director of Technical Support and Applications Engineering
  - Former Regional Director of Technical Support for Carrier



# Financials

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\$(000s)	Actual	Forecast	Projections		
	2003	2004	2005	2006	2007
<b>Revenue</b>	\$ 2,398	\$ 3,091	\$ 5,149	\$ 15,544	\$ 30,061
<b>COGS</b>	\$ 2,321	\$ 3,331	\$ 4,286	\$ 8,394	\$ 14,730
<b>Gross Profit</b>	\$ 77	\$ (240)	\$ 863	\$ 7,150	\$ 15,331
<b>Gross Margin</b>	3%	-8%	17%	46%	51%
<b>Operating Expenses</b>	\$ 2,484	\$ 4,238	\$ 5,945	\$ 7,088	\$ 7,531
<b>Net Income</b>	<u>\$ (3,469)</u>	<u>\$ (4,474)</u>	<u>\$ (5,082)</u>	<u>\$ 62</u>	<u>\$ 7,800</u>
<b>Headcount</b>	44	59	81	101	122

# Summary

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- DryKor offers a:
  - Unique and sustainable value proposition
  - Large addressable market
  - Significant revenue and customer base
  - Experienced management team

An opportunity for growth and value  
creation

Thank you!